

Congressman Successfully Secured Passage of an Additional Amendment to Strengthen Oversight of Security Contractors in Iraq & Afghanistan, Close Tax Loophole Exploited by Blackwater

Washington, DC - As the Department of Defense looks to expand its use of solar energy, Congressman Maurice Hinchey (D-NY) today secured House passage of an amendment he authored that would ensure any solar energy panels purchased by the Department of Defense through subcontracts are made by U.S. manufacturers. No such requirement currently exists and the Pentagon, which is the world's largest consumer of oil, has used subcontractors to purchase solar panels and other equipment from foreign manufacturers. The amendment was included as part of the National Defense Authorization Act for Fiscal Year 2011. "As the Department of Defense purchases solar panels to address very serious energy security concerns at defense installations around the country, we must ensure that those purchases support American solar energy manufacturing jobs, including those here in New York, rather than Chinese and other competitors," Hinchey said. "There is no good reason a company in China should be building the solar equipment that our military will use when we have a strong, emerging solar manufacturing presence here in New York. Hinchey's amendment dealt with the Buy American Act, which requires products purchased directly by the federal government to contain at least 50 percent of American content. The amendment the House approved applies the Buy American Act to the procurement of solar panels purchased indirectly by the Pentagon through subcontracts such as Energy Savings Performance Contracts, land leases, and utility service contracts. "Establishing real energy security at our defense installations is critical to our national security," Hinchey said. "This is a commonsense approach to ensuring that American manufacturing jobs are supported as the military makes key investments in renewable energy." The House also approved a separate Hinchey amendment that strengthens oversight of armed security contractors in Iraq and Afghanistan and eliminates a tax loophole that has been used by the defense contractor Blackwater. Hinchey noted that a critical component of American success abroad is the ability of U.S. forces to win support from the Afghan and Iraqi people, many of whom do not distinguish between armed security contractors and the U.S. military. For this reason, every time a contractor kills or injures innocent civilians, it is a devastating blow to our country's strategy to protect the local population. With regard to taxes, by classifying workers in Iraq as "independent contractors" rather than employees, Blackwater, a major security contractor operating in Iraq and Afghanistan, appears to have avoided tens of millions of dollars in employment-related taxes. The Hinchey amendment, which he sponsored with Congresswoman Jan Schakowsky (D-IL), and Congressman Jim Moran (D-VA), requires armed private security contractors who are using U.S. citizens in Iraq or Afghanistan to hire those individuals as direct employees rather than independent contractors. This amendment will help close the door on a tax loophole and ensure contractors have full responsibility and

better oversight over personnel.